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WILMER, CUTLER & PICKERING

1666 K STREET, N. W.
WASHINGTON, D. C. 20000

NOV 15 1985 -4 15 PM

5-319A101

ALLEN H. HARRISON, JR.
DIRECT LINE (202)

No. NOV 15 1985

Date

Fee \$ 10.00

ICC Washington, D.C.

INTERNATIONAL TELEX: 440-239 WIL
TELEX: 89-2402 WICRING WSH
TELEPHONE 202 872-6000
INTERSTATE COMMERCE COMMISSION
HEAD OFFICE
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PALL MALL
LONDON, SW1Y 5AA, ENGLAND
TELEPHONE 011-441-839-4466
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ABLE ADDRESS: WICRING LONDON

RECORDATION NO. 14839 Filed 14839

November 15 1985 NOV 15 1985 -4 15 PM

INTERSTATE COMMERCE COMMISSION

Dear Mr. Bayne:

On behalf of ITT Industrial Credit Company I submit for filing and recording under 49 U.S.C. § 11303(a) and the regulations promulgated thereunder, one executed counterpart and one certified true copy of a primary document not previously recorded entitled "Lease for Second Locomotive" dated July 15, 1985 and one executed counterpart and one certified true copy of a related secondary document not previously recorded entitled "Assignment of Lease Full Recourse" dated July 15, 1985.

New Number

The parties to the Locomotive Lease are:

Inman Service Company, Inc. - Lessor
115 North Main
Baytown, Texas 77520

Mobay Chemical Corporation - Lessee
8500 West Bay Road
Baytown, Texas 77520

100 OFFICE OF THE SECRETARY OF TRANSPORTATION
NOV 15 4 11 PM '85
MOTOR OPERATING UNIT

- A
are:

The parties to the Assignment of Lease Full Recourse

Inman Service Company Inc. - Assignor
115 North Main
Baytown, Texas 77520

ITT Industrial Credit Company - Assignee
8251 Maryland Avenue
Clayton, Missouri 63105

The said documents relate to a loan not to exceed \$430,000.32, and the instant documents cover the lease of, and the granting of a security interest by assignment in one EMD locomotive, Road #163, Model SW-9, Serial Number 4098-10.

Handwritten signature: C. Harrison

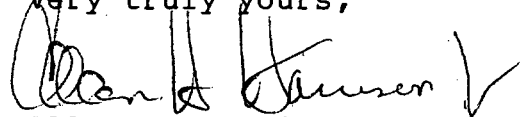
A short summary of the documents to appear in the Index is as follows:

"Lease and assignment of 1 EMD Locomotive, Road #163, Model SW-9, Serial No. 4098-10."

Enclosed is our firm's check in the amount of \$10 in payment of the filing fee.

Once the filings have been made, please return to bearer the stamped counterparts of the documents not required for filing purposes, together with the fee receipt, the letter from the ICC acknowledging the filings, and the two extra copies of this letter of transmittal.

Very truly yours,



Allen H. Harrison, Jr.
Attorney for ITT Industrial
Credit Company for the
purpose of this filing

Honorable James H. Bayne
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Enclosures
AHH/iw

BY HAND



Inman Service Company Inc.

Diesel-Electric

LOCOMOTIVES

RECORDATION NO.

14839

NOV 15 1985 -4 15 PM

COMMISSION

LEASE FOR SECOND LOCOMOTIVE

THIS AGREEMENT, made and entered into this 15th day of July, 1985, by and between INMAN SERVICE COMPANY, INC., a Corporation, having its principal office at 115 North Main, Baytown, Texas (hereinafter referred to as "Lessor") and MOBAY CHEMICAL CORPORATION a Corporation, whose address is 8500 West Bay Road, Baytown, Texas 77520 (hereinafter referred to as "Lessee").

WITNESSETH:

WHEREAS, Lessee desires to Lease from Lessor for use in its business operations, the locomotive hereinafter described, upon the terms and conditions herein set forth; and

WHEREAS, Lessor agrees to furnish the locomotive hereinafter described and is willing to lease the same to Lessee upon the terms and conditions set forth.

NOW THEREFORE, the parties hereto, for and in consideration of the mutual covenants and promises herein set forth and other good and valuable consideration, receipt and sufficiency of which is acknowledged, agrees as follows:

1. LOCATION OF USE AND DESCRIPTION OF LOCOMOTIVE. Lessor leases and lets unto Lessee and Lessee accepts and takes from Lessor for use at MOBAY CHEMICAL CORP., 8500 West Bay Rd., Baytown, Texas 77520 that certain locomotive identified as an EMD SW-9, 1200 horsepower, 120 ton locomotive No. 163.

2. RENT. Commencing on the date Lessee takes possession of the aforesaid locomotive, and thereafter during the term hereof until possession of said locomotive is surrendered to Lessor, Lessee shall pay monthly to Lessor for rental and maintenance of said locomotive the sum as calculated for an EMD SW-9 locomotive.

Rate per month \$1,500.00. The first payment of the base rate is due on or before the date Lessee takes possession of the aforesaid locomotive. If the Lease begins (and therefore end) on a day other than the 1st day of a month, the rent payable for the first and last partial months of the term hereof shall be prorated for the number of days Lessee actually is in possession of the locomotive. The base monthly rental is due before each month. In the event the locomotive is out of service for repairs for more than one (1) day during any month during the term of this lease, the monthly rental charge for any such month will be reduced 1/30th for each full day the locomotive is out of service. This credit will not apply if the repairs are necessitated by damage caused by the Lessee's negligence or abuse of the locomotive.

3. LEASE TERM. This locomotive lease shall extend for an initial term of one year commencing with the acceptance of possession of the locomotive by Lessee, and shall continue from month-to-month after the conclusion of such initial term until terminated by either party hereto by such party giving to the other party thirty (30) days notice in writing of its election to terminate this lease. In such event, this lease shall terminate at the expiration of said thirty (30) day period following notice.

4. MAINTENANCE BY LESSOR. Lessor shall, at its expense, supply all replacement parts and shall perform all major maintenance repairs, and periodic inspections, lubrication and filter changes. For purposes of this Lease, a major maintenance repair is a repair that requires more than two man-hours of work to complete.

5. LESSEE'S RESPONSIBILITY FOR DAMAGE TO LOCOMOTIVE. The Lessee shall be responsible for all physical damage to the locomotive from any cause, other than normal wear, or the negligence or other fault of Lessor while locomotive is in the possession of Lessee. This shall include, but not necessarily be limited to damages resulting from collisions, accidents, derailments, vandalism and from the negligence of the Lessee or its employees, agents or subcontractors. Lessee's liability for damage to the locomotive shall not exceed the sum of \$125,000.00 Dollars per incident or occurrence. The Lessee will supply the locomotive fuel, water, oil, filters, sand and other current operating supplies in accordance with Lessor's specifications as may be needed.

6. NOTICE OF DEFECTS. Lessee shall notify Lessor promptly, of any defect requiring repairs as observed by the Lessee. Lessee will permit the Lessor's employees, agents, or subcontractors on Lessee's property for the purpose of making inspection of or repairs to the locomotive. Lessor agrees to indemnify and save harmless Lessee from and against any liability, howsoever caused, resulting from damage to any property by, or from injury to or death of, such employees, agents or subcontractors of Lessor.

7. OPERATION BY QUALIFIED PERSONNEL. Lessee is solely responsible for the safe operation of the locomotive and for insuring that all personnel involved in any way with the locomotive, including but not limited to those involved in the operation and maintenance of the locomotive other than Lessor and its employees and agents, are fully qualified and properly supervised.

8. OPERATION ONLY IN SAFE LOCATION. Lessee is solely responsible for determining where and when the locomotive shall be operated. Lessee acknowledges and fully understands that there is severe danger of fire or explosion if the locomotive is operated in any area or building in which a spark or flame could cause an explosion or fire, and Lessee assumes all risk of loss due to explosion or fire in any way resulting from or connected with the negligence or other fault of Lessee.

9. DEFAULT. Time is of the essence under this agreement and any of the following events shall constitute defaults hereunder:

- (i) The failure of the Lessee to pay any installment of rental within (15) days after the date on which the same shall become due;
- (ii) Any breach or failure of either party to observe or perform any of its obligations hereunder and the continuance of such default for

fifteen (15) days after notice in writing to that party of the existence of such default;

- (iii) The insolvency or bankruptcy of either party or the making by either party of an assignment for the benefit of creditors, or the consent of either party to the appointment of a trustee or receiver, or the appointment without its consent, or a trustee or receiver for either party or for a substantial part of its property;
- (iv) The institution by or against either party of bankruptcy, reorganization, arrangement, or insolvency proceedings.

Upon the occurrence of any such default, the party not in default may at its option declare this Lease Agreement in default and thereupon all rights and obligations therein shall become null and void.

10. RISK OF LOSS AND INSURANCE. (a) All risk of loss or damage to the locomotive shall be borne by the Lessee, unless due to the negligence or other fault of Lessor.

(b) The Lessee shall, at its own expense, keep the locomotive insured, at its full value of \$125,000.00, against fire, theft, damage, or destruction and for product liability risks in such amounts as are reasonable and with insurance carriers qualified to do business in the state in which the item of equipment is located, with losses, if any, payable to Lessor. The Lessee shall deliver to the Lessor the policies or evidence of insurance satisfactory to the Lessor. The failure of the Lessee to secure or maintain such insurance shall constitute a breach under this Lease Agreement and the Lessor may, but shall not be obligated to effect such insurance, the cost of such insurance being deemed additional rent to be paid forthwith by the Lessee.

11. TAXES: LICENSES. The Lessee shall pay all license fees, sales taxes, excise taxes, personal property taxes, assessments, ad valorem taxes, stamp and documentary taxes, and all other governmental charges, fees, fines or penalties whatsoever, whether payable by the Lessor or the Lessee or others, on or relating to the locomotive or the use, registration, or operation thereof, other than federal or state income and franchise taxes of the Lessor or fines or penalties assessed against Lessor, and shall file all returns required therefore and furnish copies thereof to the Lessor. Upon demand, the Lessee shall reimburse the Lessor for any such taxes, assessments, charges, fines, or penalties which the Lessor may be compelled to pay in connection with the equipment. The Lessor will cooperate with the Lessee and furnish the Lessee with any information available to the Lessor in connection with the Lessee's obligations under this paragraph.

12. LESSOR'S INDEMNITY. (a) The Lessee shall indemnify, protect and hold harmless the Lessor, its agents, servants, successors and assigns from and against all losses, damages, injuries, claims, demands and expenses, of whatever nature, arising out of, the negligence of Lessee, or its employees, agents, servants or subcontractors.

(b) The Lessee shall assume the settlement of, and the defense of any suit or suits or other legal proceedings brought to enforce all such losses, damages, injuries, claims, demands and expenses and shall pay all judgments entered in any such suit or suits or other legal proceedings.

(c) The indemnities and assumptions of liabilities and obligations herein provided for shall continue in full force and effect notwithstanding the termination of the Lease Agreement, whether by expiration of time, by operation of law or otherwise.

(d) The Lessee is an independent contractor and nothing contained in this Lease Agreement shall authorize the Lessee or any other person to operate any item of equipment so as to incur or impose any liability or obligation for or on behalf of the Lessor.

13. POSSESSION. Possession of the locomotive shall pass to Lessee as of the moment the locomotive arrives on Lessee's railroad siding track. Possession of the locomotive shall be reacquired by Lessor when the locomotive leaves the Lessee's siding under the control of Lessor or its agents or employees after the termination of this lease for whatever reason.

14. NO IMPLIED REPRESENTATIONS OR WARRANTIES. The parties hereto acknowledge and agree that the Lessor is not a manufacturer or engaged in the sale or distribution of the locomotive. It is further acknowledged that the Lessor makes no representations, promises, statements, or warranties, expressed or implied, with respect to the merchantability, suitability or fitness for purpose of the locomotive or otherwise. Neither party shall in no event be responsible to the other party for any indirect or consequential damages.

15. INVALID PROVISION. Any provision of this Lease Agreement found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the rest of the Lease Agreement.

16. CONSTRUCTION. The validity, construction and enforcement of this Lease Agreement shall be governed by the laws of the State of Texas.

17. COMPLETE AGREEMENT. This Lease Agreement contains the entire understanding of the parties, and such understanding may not be modified or terminated except in writing signed by the parties.

18. NOTICES. All notices shall be in writing and delivered in person to an officer of the party to which such notice is being given or mailed by registered mail to such party at the address first above written, or to such other address as may be hereafter specified by like notice by either party to the other.

19. BINDING EFFECT. This lease shall be binding upon and inure to the benefit of the parties hereto, their successors, legal representatives, and assigns.

20. SPARE UNITS. A spare locomotive of equivalent quality and performance capabilities to the Lease Unit will be provided as per ISC quota and procedure specifications.

IN WITNESS WHEREOF the Lessor and the Lessee have caused these presents to be duly executed the day and year first above written.

LESSOR:

INMAN SERVICE COMPANY, INC.

115 North Main St., Baytown, TX

BY: Vince Inman, Chief Executive Officer

ATTEST: Billy H. West

LESSEE:

MOBAY CHEMICAL CORP.

8500 West Bay Rd., Baytown, TX

BY: R. A. Christensen

ATTEST: R. B. Brown

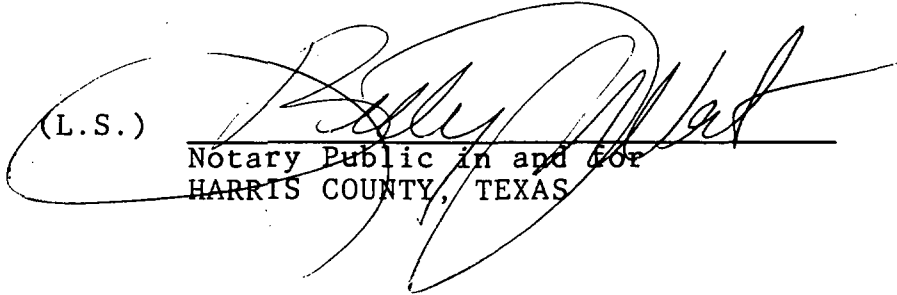
MOBAY CHEMICAL CORP. is a subsidiary of

THE STATE OF TEXAS
COUNTY OF HARRIS

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Vince Inman and R.A. Christenson known to me to be the persons whose name subscribed to the foregoing instrument and acknowledged to me that executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS THE 15TH day of July, A.D. 1985.

(L.S.)



Notary Public in and for
HARRIS COUNTY, TEXAS

STATE OF MISSOURI)
) SS.
COUNTY OF ST. LOUIS)

CERTIFICATION OF TRUE COPY

I, Thomas E. Schulze, a member of the Bar of the State of Illinois, do hereby certify that I have compared the attached copy of the document entitled "Locomotive Lease" with an executed original counterpart thereof and find the said attached copy to be in all respects a true, correct and complete copy of the aforesaid executed original counterpart.

IN WITNESS WHEREOF, the undersigned has hereto affixed his signature this 13th day of November, 1985.


Thomas E. Schulze

Subscribed and sworn to before me
this 13th day of November, 1985.


Notary Public

My commission expires:

10-28-88.

Cynthia J. Biggins, Notary Public
St. Charles County, State of Missouri
My Commission Expires Oct. 28, 1988

6990Z(c)